

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PA-01 PRS-01 IO-10 NEA-10 /101 W

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R 240656Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5752

INFO AMEMBASSY BANGKOK

C O N F I D E N T I A L MANILA 10118

USADB

E.O. 11652: ADS, DECLAS 7/23/78

TAGS: EAID, EFIN, CB

SUBJECT: ADB ACTION ON LOAN TO CAMBODIA (PHNOM PENH TRANSMISSION
PORJECT)

DEPT FOR NAC AGENCIES

BANGKOK FOR RED

REF: MANILA 10067 (NOTAL)

SUMMARY: ADB MANAGEMENT HAS INFORMED BD OF DIRECTORS
ACTION TAKEN BY BANK SUSPENDING FURTHER WITHDRAWALS
SUBJECT LOAN. CAMBODIAN AUTHORITIES AND COMMERCIAL BANKS
HANDLING LETTERS OF CREDIT (LC'S) NOTIFIED. SUSPENSION
MADE UNDER AUTHORITY OF BANK REGULATIONS AUTHORIZING
ACTION WHEN QUOTE EXTRAORDINARY SITUATION UNQUOTE
ARISES LIKELY TO PREVENT FULFILLMENT OF OBLIGATIONS
UNDER LOAN AGREEMENT. END SUMMARY.

1. ADB MANAGMENT HAS CIRCULATED MEMORANDUM FROM
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SECRETARY TITLED QUOTE BANK ACTION ON LOAN TO

CAMBODIA UNQUOTE; DOC. NO. SEC.M72-75 BEING POUCHED ADDRESSEES.

2. DOC. DESCRIBES APRIL 1970 BD APPROVAL OF PHNOM PENH HIGH VOLTAGE TRANSMISSION PROJECT LOAN FOR US\$1,670,000 EQUIV. CONTRACT AWARDS \$1,579,000; DISBURSEMENTS TOTAL US\$643,000 EQUIV.

3. BORROWER (CAMBODIAN GOVT) AND EXECUTING AGENCY (SOCIETE NATIONALE DU GRAND BARRAGES) (SNGB) HAVE NOT COMMUNICATED WITH BANK SINCE APRIL 1975. CONSULTANTS (SNOWY MOUNTAIN ENGINEERING CORP) (AUSTRALIAN) HAVE DEPARTED CAMBODIA, UNABLE RENDER FURTHER SERVICES.

4. THUS BANK CONSIDERS FURTHER LOAN IMPLEMENTATION HIGHLY UNCERTAIN; BANK UNABLE ASCERTAIN IF LOAN PROVISIONS BEING FULFILLED. WITH LAPSE OF TIME AND NO WORD, BANK NOW IMPELLED TAKE ACTION QUOTE TO PROTECT THE INTERESTS OF THE BORROWER AND MINIMIZE ITS LIABILITY TO THE BANK UNQUOTE, ACCORDING TO DOC.

5. ACCORDINGLY BANK NOTIFIED CAMBODIAN GOVT BY CABLE DATED 17 JULY THAT PENDING FURTHER DISCUSSIONS, BANK HAD SUSPENDED FURTHER WITHDRAWALS AS OF THAT DATE EXCEPT FOR: (A) PAYMENTS ALREADY MADE TO SUPPLIERS UNDER LC'S COVERED BY QUALIFIED COMMITMENTS, (B) PAYMENTS DUE SUPPLIERS FOR GOODS DELIVERED FOB VESSELS UNDER LC'S COVERED BY QUALIFIED COMMITMENTS, AND (C) PAYMENTS DUE CONSULTANTS FOR SERVICES ALREADY PERFORMED AND CERTIFIED BY SNGB TO THIS EFFECT. RELEVANT COMMERCIAL BANKS AND CONSULTING FIRM ALSO NOTIFIED TO THIS EFFECT SAME DATE.

6. BANK ACTION TAKEN UNDER SEC. 5.02 (D) SPECIAL FUNDS REGS WHICH PERMITS BANK SUSPEND RIGHT OF BORROWER MAKE WITHDRAWALS IF EXTRAORDINARY SITUATION SHALL HAVE ARISEN MAKING IMPROBABLE BORROWER ABLE PERFORM OBLIGATIONS UNDER LOAN AGREEMENT. DOC. STRESSES NO REPEAT NO OTHER CONSIDERATIONS ENTERED INTO MANAGEMENT DECISION.
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7. APPENDICIES ATTACHED TO DOCUMENT DETAIL DRAWDOWN TO DATE; DISCLOSE INTER ALIA PAYMENTS ALREADY MADE TO CONSULTANT EXHAUST ALLOCATED AMOUNT; GOODS VALUED AT \$570,000 NOW SOTRED IN SINGAPORE; OTHER PROJECT GOODS HAVE BEEN SHIPPED AND SOME ARRIVED PHNOM PENH; OTHERS IN KOMPON SOM PORT (SIHANOUKVILLE); OTHER ITEMS MANUFACTURED, AWAITING SHIPMENT WHICH NOT NOW BELIEVED

POSSIBLE. FYI: SUBJECT LOAN IS ONLY ONE MADE
BY ADB TO CAMBODIA. END FYI. SULLIVAN

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Message Attributes

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